



Joint Economic Committee ALABAMA ECONOMIC SNAPSHOT

Senator Charles E. Schumer, Chairman
Congresswoman Carolyn B. Maloney, Vice Chair

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Over the past six years, the Bush economy has made it more difficult for the vast majority of Americans to get ahead. Under this administration, there has been a sharp divergence between the fortunes of companies and the paychecks of their workers. The slow growth in wages has been compounded by the growing demands on families' pocketbooks, caused by the rising costs of health care, energy, childcare, and college tuition. We need a new direction in economic policy, aimed at restoring broad-based growth, reducing high costs of health care and energy, and increasing prosperity and retirement security for all Americans.

WAGES LAGGING PRODUCTIVITY; JOB GROWTH ABYSMAL

Alabama's Median Household Income Fell by \$4,501 from 1999-2000 and 2005-2006. Despite strong gains in productivity, workers' wages are only marginally higher than they were 25 years ago, and after adjusting for inflation, nationally, the income of a typical American household fell by \$962, or 2.0 percent, to \$48,201 between 2000 and 2006. In Alabama, real median household income averaged \$42,661 over the 1999-2000 period, compared with \$38,160 over the 2005-2006 period, a decrease of \$4,501. [Census Bureau, U.S. Department of Commerce, available [here](#). Following Census guidance on how to use state level data, this fact sheet compares the two-year average for 1999-2000, the last years of the Clinton Administration, to the two-year average for 2005-2006 to analyze changes in household income, poverty and health insurance coverage under President Bush. For more information, see the JEC's August 29, 2007 fact sheet on household income, available [here](#). Note: These and all other dollar amounts are expressed in constant 2006 dollars.]

Alabama's Economy Has Added Only 91,600 Jobs Since 2000. President Bush is in a statistical dead heat with his father for the worst job creation record of any president since Herbert Hoover, having created only 5.7 million jobs since he took office in January 2001. That averages out to a mere 72,000 new jobs a month nationwide. Alabama's payrolls totaled 2 million jobs in July 2007, only 91,600 more than in January 2001. [Bureau of Labor Statistics, U.S. Department of Labor, available [here](#).]

FAMILIES ARE FEELING THE PRESSURE OF RISING EXPENSES

Gas Prices in Alabama Have Increased 74 Percent Since 2001. Rising energy costs are making it more difficult for American families to stretch their household budgets. After adjusting for inflation, the average retail price per gallon of unleaded gasoline across the country rose more than 60 percent between August 2001 and August 2007. The real average retail price per gallon at pumps in Alabama jumped 74 percent over the same time period. In fact, gas prices in all 50 states increased between August 2001 and August 2007. [Federal Highway Administration, U.S. Department of Transportation, available [here](#); American Automobile Association, available [here](#). Note: Changes in the price of gasoline account for inflation over the period.]

Health Care Premiums Have Risen 32.7 Percent in Alabama Since 2000. Health insurance premiums have risen four times faster than wages over the past six years on a national level. Between 2000 and 2005, the average monthly premium paid by workers for family health coverage rose 39.7 percent, after adjusting for inflation. In 2005, the average inflation-adjusted health care premium for family coverage in Alabama was \$9,727, which is 32.7 percent higher than it was in 2000. Similarly, the average health care premium for individual coverage in Alabama has risen 15.2 percent since 2000, to an estimated \$3,531 in 2005. [Agency for Healthcare Research and Quality, U.S. Department of Health and Human Services, available [here](#).]

Child Care For Two Children Averaged \$587 Per Month in Alabama in 2005. Child care continues to be a hefty burden on the budgets of U.S. families, averaging between \$300 and \$1,200 per month across the states for care for an infant, and between \$500 and \$2,000 per month for care for two children in 2005. Alabama's families felt the burden too, with monthly care for an infant averaging \$327, and monthly care for two children averaging \$587. [National Association of Child Care Resource and Referral Agencies, available [here](#).]

Alabama College Tuition Is Up 38.0 Percent Since 1999. Over the past several years, tuition has risen at more than double the rate of inflation. Between the 1999-2000 and 2005-2006 academic years, average inflation-adjusted tuition and fees at U.S. public colleges and universities increased by 36.3 percent. Students at Alabama's public schools were hit even harder, as the average inflation-adjusted tuition and fees at Alabama's four-year public colleges increased 38.0 percent between the 1999-2000 and 2005-2006 school years to \$4,727 per year. With that \$1,301 increase over just six years, Alabama families are finding it more and more difficult to afford to send their children to college. [The Chronicle of Higher Education: Almanac.]

In Alabama, 25.6 Percent of Households Had Housing Costs Greater Than 30 Percent of Their Income. Experts recommend households devote no more than 30 percent of their income to housing expenditures. In 2004, 25.6 percent of households in Alabama spent more than 30 percent of their annual income on housing. Furthermore, 12.4 percent spent *more than half* of their income on housing. Those numbers compare to 31.9 percent and 14.4 percent of households, respectively, across the United States. [Joint Center for Housing Studies at Harvard University, Tabulation of the 2004 American Community Survey, available [here](#).]

POVERTY REMAINS HIGH, ALONG WITH THE RANKS OF THE UNINSURED

In Alabama, 15.5 Percent of Residents Were Living in Poverty Over Last Two Years. Nearly one out of every eight Americans, 12.3 percent, was living in poverty in 2006. In Alabama, the poverty rate averaged 15.5 percent over the 2005-2006 period, compared with 14.3 percent over the 1999-2000 period. The poverty rate for Alabama's children averaged 21.8 percent over the 2005-2006 period. [Census Bureau, U.S. Department of Commerce, available [here](#). See the JEC's August 29, 2007 fact sheet on poverty, available [here](#).]

Over Last Two Years 673,000 Alabama Residents Had No Health Insurance. The number of Americans without health insurance totaled 47.0 million in 2006, up 8.6 million since President Bush took office. During the 2005-2006 period, an average of 673,000 Alabama residents, 14.9 percent of the state's population, had no health insurance – 109,000 more than during the 1999-2000 period. Furthermore, the number of Alabama's uninsured children amounted to 6.0 percent of the state's population under the age of 18. [Census Bureau, U.S. Department of Commerce, available [here](#). See the JEC's August 29, 2007 fact sheet on health insurance, available [here](#).]

HOUSING MARKET SLUMP HITTING FAMILY EQUITY

Subprime Mortgage Meltdown Hurting Housing Market in Alabama. The subprime mortgage crisis is taking its toll on homeownership and home equity nationwide, with the percentage of adjustable rate subprime mortgages in delinquency across the United States hitting 13.9 percent in the first quarter of 2007. That is a 4.9 percentage point increase from the first quarter of 2005. Alabama also saw an increase, as the percentage of adjustable rate subprime mortgages in delinquency increased from 12.7 to 19.3 over the same period. Likewise, the percentage of all outstanding subprime adjustable rate mortgages entering into foreclosure in Alabama has risen from 1.6 percent in the first quarter of 2005 to 3.0 percent in the first quarter of 2007. By some estimates, every foreclosure results in a one percent decrease in nearby property values, with the impact even higher in lower-income communities. [Mortgage Bankers Association; Dan Immergluck and Geoff Smith, "The External Costs of Foreclosure: the Impact of Single-Family Mortgage Foreclosures on Property Values," *Housing Policy Debate*, Vol. 7, Issue 1, 2006. See the JEC's June 22, 2007 fact sheet on foreclosures, available [here](#).]